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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Vladimir Putin, President of
Russia (U)

PARTICIPANTS: United States
The President
Condoleezza Rice, Secretary of State
Stephen Hadley, Assistant to the President
and National Security Advisor
Peter Afanassenko, interpreter

Russia
President Putin
Sergey Lavrov, Minister of Foreign Affairs
Igor Ivanov, Secretary of the Security
Council
Interpreter

DATE, TIME July 15, 2006, 9:30-11:30 am
AND PLACE: Strelna, Russia

President Putin: We were working to bring back IDF soldier held by Hamas. We had worked out with Syria a way to get him back without preconditions, but the Israelis were not interested. The Deputy Foreign Minister said, "fine but not now." So we concluded it was a pretext by the Israelis to establish "law and order." Same thing in Lebanon. The Israelis asked the Russians to work with Syria, Iran, and Hizbollah to push Hizbollah back 40 kilometers from the border. Now they have decided to do that by military action. The question is whether it will work out. We don't know if Iran is using this to distract attention from its situation. They do control Hizbollah. But we don't know.

The President: The release of first soldiers would have calmed the situation down, and then the militant wing of Hamas worked with Hizbollah to seize two more prisoners. Olmert is not Sharon. Sharon had the political strength to be measured.

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We've urged restraint on Olmert, but it has not worked, obviously. We believe Syria is behind this. Iran is funding Hizbollah. We don't know if they funded this action. If there is a press for a cease fire at the G-8, the United States will be isolated. We won't press for a cease fire now. Use the United States as a card to get something broader [gap]. I'm uncomfortable speaking out against the Israeli response. People argued our response in Afghanistan and your response in Chechnya were "disproportionate." I think this was a terror attack against Israel so a response is appropriate, although I may not agree on all their tactics. I can't have one standard for the United States and one for Israel. (S)

President Putin: The military response by Israel has not produced a result yet, so you want to wait. I also think military action is a way to put pressure on Syria, but those dispossessed or radicalized by the Israeli action will be a problem for us there and elsewhere. (S)

The President: They can't win military, I agree. We all need to send a message to Syria. Abbas, Olmert, and some elements of Hamas were ready to reach an agreement, but the radical Hamas element in Damascus doesn't want this, and Asad cannot make up his mind which side he's on. And Ahmadenijad wants to be the new Nasser. (S)

President Putin: Basically you are right. The issue is one of tactics. (S)

The President: Your role is key. Syria is another area where we can work together for you to have influence in Syria. (C)

President Putin: Iran says the G-8 is an anti-Iran conspiracy led by Russia. (S)

The President: That's good for U.S. and Russia. Working together is an important signal and may change Iranian behavior. The issue is whether there is a rational group of people in Iran that wants a deal. That's what we need to find out. (S)

President Putin: In Iran, there are lots of groups outside the government that influence it and we have few contacts with them. I have seen Ahmadinejad. He acts confident, but he's not so aggressive when he talks. He's not smiling; there are circles under his eyes. He's showing the pressure. He tells Russia if Russia does not support them, the United States will replace Russian influence and Europeans will seize the contracts. We

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have told them to have good relations with U.S. and Europe even if it's at Russian expense. They did not expect this. They are playing games - not to stop that. We need to get them to take decision. We don't believe Iran has decided. We need a strategy to force them to take the right decision. Joint work, especially in the U.N. Security Council is important. (C)

The President: Your proposal on civil nuclear power still might be the way out - fuel supplied and collected after spent. That solves everyone's problem. The way to get them is to show them all of us are working together.. (C)

President Putin: The center for enrichment and reprocessing was suggested just for Iran but should be offered globally, to all threshold countries, so the Iranians don't feel singled out. We need an international center for enrichment and then reprocess spent fuel. The EU seemed to support. (C)

The President: Good idea. I'll support it. (C)

President Putin: We should get G-8 to agree and then announce that at press conference. We tried to have a lobbyist but they said State Department discouraged them. (C)

The President: That's not true. You can hire anyone you want, but that's not your problem - which is groups did not want me to come to G-8 and want me to denounce you on democracy. Americans aren't sure of you. So to the extent you can talk about democracy and explain your decisions, it would help. It's not hostility to Russia, but concerns and questions. (C)

President Putin: I have a different perspective. We have a clear vision of how to develop our country. There is an historic possibility for the West to have Russia as a partner over the long term and we want that but we won't allow others to dictate or teach us on domestic affairs or try to cut us off from China and other countries. It is a unique opportunity. It's hard to predict what comes next. We want to move in this direction. (C)

The President: Last night you talked about the need to develop a registry for privately owned land, property. That's an interesting idea and you should hire someone in Washington to explain it. No one will try to dictate your decisions but once you make decisions, you need to explain them. This shows the differences and challenges you face. Hire someone to get your story out. (C)

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President Putin: We are doing that. The laws we are adopting now really are significant: market-based labor laws, laws on private property. (C)

The President: And the law on bureaucrats. People need to know. We want you to succeed. Yesterday I talked to Gaydar's daughter. Her concern was whether there will be a real political opposition. (S)

President Putin: On Iran, the key thing is common position. Iran is looking for distance between us. On North Korea, China is mad at the North Koreans. (S)

The President: Part of the problem is that China does not want Japan to get credit for any resolution. (S)

President Putin: If we leave them alone, Kim Jong Il acts to try to get our attention. We have the third largest reserves equal with Germany, but we need to diversify our economy. while COCOM is over, there are still export control restrictions. We have no desire to give technology to your opponents. Your opponents can become our opponents. Our military reviews every transaction. (S)

The President: Our restriction apply to everyone, even the U.K. Blair has also raised it with me. (C)

President Putin: We also have concerns about Iran, for example. (S)

Secretary Rice: On North Korea, we want Chapter VII, but China thinks this give us a pretext to use force. This is not our intent. So we are thinking about using an article of Chapter VII that makes this clear, but it's important to us and the Japanese that it be Chapter VII. (S)

The President: If Russia takes the lead, then it won't be a Japanese success. (C)

Minister Lavrov: We are following the Chinese. (C)

The President: Don't hide behind the Chinese, lead the Chinese. (S)

President Putin: I understand the experts failed to agree on protocol for WTO accession. This means we will reconsider a

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(number of things we were doing unilaterally in anticipation of a bilateral agreement. We gave you 70% of our import market on assuming beef negotiations would succeed. In the wake of failure, we will reconsider. (X)

National Security Advisor Hadley: We have made progress. We have a plan going forward that will result in a signing in October. We don't want to lose all the progress we have made. (X)

The President: We are ready to go back to this once the deal is complete and signed. (X)

President Putin: But now your farmers have everything they want, and they have no intentions to negotiate. (X)

The President: What about Georgia? Saakashvili? (X)

(President Putin: He's another Akmadinejad. He opened an occupation museum. That's ridiculous. After Stalin, Georgia occupied Russia. The North and South Ossetians are one people. The internal border was administrative only. It was easier to supply South Ossetia from Tbilisi. When the Soviet Union broke up, South Ossetia wanted to join Russia. That was ridiculous. Just like it was crazy that 95 percent ethnic Russian Crimea went to Ukraine. That said, to avoid a Yugoslavia outcome, we accepted the administrative borders as international borders. The solution is for the Georgians to treat the South Ossetians as equals. We were pushing the South Ossetia and Abkhazia toward Tbilisi under Shevardnadze. I never met with their leaders. Then Shevardnadze started allowing the Chechens nearer our border in Abkhazia. So we started to support the Abkhaz, and they moved away from Tbilisi. And that affected South Ossetia. Georgia says it wants to be a NATO member. For Russians, that would be a hostile act. The order should be to improve NATO/Russian relations first and then let the neighbors into NATO. I told Saakashvili that I can only help him on South Ossetia and urge the Ossetians to move close to Georgia if I can say Russia and Georgia are strategic partners. So Russia will still be able to help you through its relationship with Georgia. But instead, Saakashvili continues [to attack] Russia and says he'll join NATO. Also, the North Ossetians would be unhappy and support [gap] Think again. (X)

(The President: Not everyone in NATO wants Georgia in. I told Saakashvili he could not rely on my friendship if he provokes

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(you. Saakashvili wanted me to raise the crossing with Georgia you've closed. (N)

President Putin: That crossing point was used to supply Basayev from Georgia. That was abetted by a customs official trained in the United States under the Train and Equip program. Our security services believe the United States is behind this support to terror but I tell them it is nonsense. (N)

The President: Have Ivanov tell Hadley the name and I'll check it out, but we don't support terror. (N)

President Putin: I know you don't. The solution is to put detection equipment at the crossing so we can reopen. Saakashvili will not want the Rokki tunnel [controlled by Russia] to be the only crossing between Russia and Georgia. (C)

-- End of Conversation --

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